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DEPARTMENT OF ENVIRONMENTAL QUALITY DIVISION OF WATER QUALITY

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September 5, 1996

DIV. OF OIL, GAS & MINING

Water Quality Board Keith W. Welch Lynn F. Pett

5/045/091

R. Rex Ausburn, P.E. David S. Bowles, Ph.D., P.E. Nan Bunker Leonard Ferguson Dianne R. Nielson, Ph.D. Joe C. Nielson K.C. Shaw, P.E. J. Ann Wechsler Leroy H. Wullstein, Ph.D. Don A. Ostler, P.E.

Mr. William Moeller American Consolidated Mining Company 70 West Canyon Crest Road, Suite D Alpine Utah 84004

Dear Mr. Moeller:

Subject: Gold Hill Mill Project

We have reviewed your letter dated April 1, 1996 describing chemicals used in your operation.

We have determined that the chemicals shown in your letter do not pose a threat to ground water, however the metal content in the tailings need to be to evaluated. A Synthetic Precipitation Leach Procedure (EPA Method 1312) and a Modified Sobek Acid Base Accounting (Sobek et. al., 1978) test needs to be performed on samples of the tailings and the results submitted to this office for review. The number of samples tested should depend on the variability of the ore body and therefore, you may want to propose a sampling frequency.

As per your mining notice, American Consolidated Mining Company plans to re-open the subject mine and to modify the existing facility to process between 100 to 200 tons/day of ore. The ore will be crushed and ground and then run through a Wilfley table and flotation cells to make a concentrate. The concentrate will then be shipped to the Trail Smelter in Vancouver, British Columbia. The mine is located in Tooele County. Your letter states that our office approved the old facility in 1990. The proposed modifications will have to be reviewed by us.

In accordance with the State of Utah Ground Water Quality Protection Regulations, mining facilities handling less than 10 tons per day of metallic and/or nonmetallic ore and waste rock are permitted by rule. Because your facility will process substantially more than 10 tons of ore, a ground water permit may be required.

Following our review of the proposed facility, we will advise you whether a ground water discharge and/or construction permit is required for the process facility. The permits must be issued before you can begin construction and operation of the new process facility.

If we can be of further assistance, please contact me or Mr. Lyle Stott of my staff.

Sincerely.

Kiran L. Bhayani, P.E., D.EE.

Manager, Design Evaluation Section

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